



JOHN NAIMO
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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February 8, 2016

TO: Supervisor Hilda L. Solis, Chair
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: John Naimo
Auditor-Controller

A handwritten signature in blue ink, reading "John Naimo", is written over the printed name and title.

SUBJECT: **ARMENIAN RELIEF SOCIETY OF WESTERN USA, INC. – A
DEPARTMENT OF PUBLIC SOCIAL SERVICES REFUGEE
EMPLOYMENT PROGRAM AND COMMUNITY SERVICES BLOCK
GRANT PROGRAM PROVIDER – CONTRACT COMPLIANCE REVIEW**

We completed a contract compliance review of Armenian Relief Society of Western USA, Inc. (ARS or Agency), which covered a sample of transactions from July 2013 through December 2014. The Department of Public Social Services (DPSS) contracts with ARS, a non-profit organization, to operate the Refugee Employment Program (REP), the REP Older Refugee Discretionary Grant (REP-ORDG) Program, and the Community Services Block Grant (CSBG) Program.

The REP provides services to refugees who have resided in the United States for less than five years. REP services include performing skills and needs assessments, facilitating job placement and retention services, and referring participants to additional available resources. The REP-ORDG Program provides naturalization, citizenship, and other senior services to refugees who are 60 years of age or older. The CSBG Program assists eligible seniors ages 55 and older, and disabled adults ages 18 to 54 with independent living.

The purpose of our review was to determine whether ARS appropriately accounted for and spent REP, REP-ORDG, and CSBG Program funds to provide the services outlined in their County contracts. We also evaluated the Agency's accounting records, internal controls, and compliance with their County contracts and other applicable guidelines.

DPSS paid ARS approximately \$522,000 for the REP and REP-ORDG Programs on a fixed-fee basis from July 2013 through December 2014. DPSS also paid the Agency approximately \$60,000 for the CSBG Program on a fee-for-service basis from July 2013 through December 2014. The contracts require the Agency to reinvest or return any unspent revenue to DPSS. ARS provides services to residents of the First, Fourth, and Fifth Supervisorial Districts.

Results of Review

ARS provided services to eligible participants, recorded and deposited DPSS cash receipts timely, and Agency staff had the required qualifications. However, the Agency did not always comply with all of their County contract requirements. Specifically, ARS did not maintain:

- The required crime insurance coverage. After our review, ARS obtained the required insurance coverage.

ARS' attached response indicates that they will maintain the required insurance coverage.

- Documentation that they properly reduced employee leave balances on a monthly basis as required.

ARS' attached response indicates that they will properly reduce employee leave balances on a monthly basis, and will ensure that they maintain the required documentation.

Details of our review, along with recommendations for corrective action, are attached (Attachment I).

Review of Report

We discussed our report with ARS and DPSS. ARS' attached response (Attachment II) indicates agreement with our findings and recommendations. DPSS will work with ARS to ensure that our recommendations are implemented.

We thank ARS management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Don Chadwick at (213) 253-0301.

JN:AB:PH:DC:AA:pn

Attachments

c: Sachi A. Hamai, Chief Executive Officer
Sheryl L. Spiller, Director, Department of Public Social Services
Rebecca Berberian, Board Chair, Armenian Relief Society of Western USA, Inc.
Sona Zinzalian, Executive Director, Armenian Relief Society of Western USA, Inc.
Public Information Office
Audit Committee

**ARMENIAN RELIEF SOCIETY OF WESTERN USA, INC.
REFUGEE EMPLOYMENT PROGRAM AND COMMUNITY SERVICES
BLOCK GRANT PROGRAM
CONTRACT COMPLIANCE REVIEW
JULY 2013 THROUGH DECEMBER 2014**

ELIGIBILITY

Objective

Determine whether the Armenian Relief Society of Western USA, Inc. (ARS or Agency) maintained documentation to support the eligibility of individuals that the Agency claimed received Refugee Employment Program (REP), REP Older Refugee Discretionary Grant (REP-ORDG) Program, and Community Services Block Grant (CSBG) Program services.

Verification

We reviewed the documentation stored in the case files for 14 (4%) of the 367 REP participants, four (17%) of the 24 REP-ORDG participants, and ten (59%) of the 17 CSBG participants that the Agency claimed receiving services during November 2014.

Results

ARS maintained documentation in the case files to support all 28 participants' eligibility for the applicable Program's services.

Recommendation

None.

PROGRAM SERVICES

Objective

Determine whether ARS maintained documentation to support the services billed to the Department of Public Social Services (DPSS) and whether the Program participants received the billed services.

Verification

We reviewed the case files for 14 (4%) of the 367 REP participants, four (17%) of the 24 REP-ORDG participants, and ten (59%) of the 17 CSBG participants that the Agency claimed received services during November 2014.

Results

The case files for the 28 participants reviewed had documentation to support that ARS provided services in accordance with their County contracts.

Recommendation

None.

STAFFING QUALIFICATIONS

Objective

Determine whether ARS' staff had the required qualifications to provide Program services.

Verification

We reviewed the personnel files for seven (58%) of the 12 ARS staff who worked on the REP, REP-ORDG, and CSBG Programs.

Results

Each employee reviewed had the required qualifications to provide Program services.

Recommendation

None.

CASH/REVENUE

Objective

Determine whether ARS properly recorded revenue in their financial records, deposited cash receipts into their bank account timely, and if bank account reconciliations were reviewed and approved by Agency management timely.

Verification

We interviewed ARS' management, and reviewed their financial records and November 2014 bank reconciliation.

Results

ARS properly recorded revenue in their financial records, deposited DPSS cash receipts into their bank account timely, and their November 2014 reconciliation was reviewed and approved by Agency management timely.

Recommendation

None.

INSURANCE COVERAGE**Objective**

Determine whether ARS maintained adequate insurance coverage as required by their County contracts for the REP, REP-ORDG, and CSBG Programs.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, and insurance policies.

Results

ARS did not maintain the required crime insurance coverage. After our review, ARS obtained the required insurance coverage.

Recommendation

1. Armenian Relief Society of Western USA, Inc. management maintain the required insurance coverage.

COST ALLOCATION PLAN/EXPENDITURES**Objective**

Determine whether ARS developed their Cost Allocation Plan (Plan) using an appropriate cost allocation methodology, and if expenditures charged to the REP, REP-ORDG, and CSBG Programs were allowable, properly documented, and appropriately allocated.

Verification

We interviewed ARS' personnel, and reviewed their Plan and financial records for 11 non-payroll expenditures, totaling \$6,347, that the Agency charged to the REP, REP-ORDG, and CSBG Programs from July through November 2014.

Results

ARS developed their Plan using an appropriate cost allocation methodology, and their expenditures were allowable, properly documented, and appropriately allocated.

Recommendation

None.

PAYROLL AND PERSONNEL**Objective**

Determine whether ARS charged payroll costs to the REP, REP-ORDG, and CSBG Programs appropriately, and maintained personnel files as required.

Verification

We traced the payroll costs for seven employees, totaling \$18,162 for November 2014, to the Agency's payroll records and time reports. We also interviewed staff, and reviewed personnel files for the seven employees.

Results

ARS appropriately charged payroll costs to the REP, REP-ORDG, and CSBG Programs, and maintained personnel files as required. However, ARS did not maintain documentation that they properly reduced employee leave balances on a monthly basis for the four employees who used leave time (i.e., vacation, sick time, etc.), as required.

Recommendation

2. **Armenian Relief Society of Western USA, Inc. management ensure employee leave time is properly recorded and balances are decreased as hours are used on a monthly basis.**

CLOSE-OUT REVIEW**Objective**

Determine whether ARS' close-out expenditure reports reconciled to the Agency's financial records and whether ARS had any unspent revenue for the REP, REP-ORDG, and CSBG Programs for Fiscal Year (FY) 2013-14.

Verification

We traced the total revenues and expenditures from ARS' FY 2013-14 close-out expenditure reports to the Agency's accounting records and to DPSS' payment records.

Results

ARS' close-out expenditure reports reconciled to the Agency's financial records, and the Agency did not have any unspent revenue for FY 2013-14.

Recommendation

None.

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ARMENIAN RELIEF SOCIETY
OF WESTERN USA, INC.
SOCIAL SERVICES

January 4, 2015

John Naimo, Auditor-Controller
County of Los Angeles
Department of Auditor-Controller
Countywide Contract Management Division
350 South Figueroa Street, 8th Floor
Los Angeles, CA 90071

Subject: **Response to Armenian Relief Society of Western USA REP and CSBG Contract
Compliance Review (July 2013 - December 2014)**

Dear Mr. Naimo,

On behalf of the Armenian Relief Society of Western USA, Inc., we thank you for the recommendations received for the Contract Compliance Review of our Refugee Employment Program and Community Services Block Grant Program. Below are the two recommendations and our agency's responses.

Recommendations:

1. Armenian Relief Society of Western USA, Inc. management maintain the required insurance coverage.
2. Armenian Relief Society of Western USA, Inc. management ensure employee variance time is properly recorded and balances are decreased as hours are used on a monthly basis.

Responses:

1. Armenian Relief Society of Western USA, Inc. management will comply and continue to maintain the required insurance, including crime insurance coverage.
2. Armenian Relief Society of Western USA, Inc. ensures that employee variance time is properly recorded and balances are decreased as hours are used on a monthly basis. Our agency will continue to comply and maintain the proper documentation.

Please feel free to contact me directly at (818) 241-7533 x101 or arsocialservice@aol.com should you have any questions or need additional information.

Sincerely,

Sona Zinzalian
Executive Director

E-mail: arsocialservice@aol.com

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